

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-13 INT-08 TRSE-00 SCEM-02

AF-10 NEA-10 COME-00 DRC-01 /162 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 1196

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E.O. 11652: N/A

TAGS: ENRG VE

SUBJECT: REACTION TO PRESIDENT NIXON'S WARNING

TO ARAB COUNTRIES REGARDING PETROLEUM SUPPLY

SUMMARY. THERE HAS BEEN NO OFFICIAL REACTION FROM THE VENEZUELAN GOVERNMENT TO PRESIDENT NIXON'S WARNING TO THE ARAB COUNTRIES CONCERNING OIL SUPPLY AND PRICES. REACTION FROM CONGRESS AND PRESS HAS BEEN LIMITED, OWING TO PREOCCUPATION WITH VENEZUELAN ELECTORAL CAMPAIGN, BUT SUCH REACTION AS HAS OCCURRED HAS BEEN UNFAVORABLE. END SUMMARY.

1. THREE MEMBERS OF VENEZUELAN CONGRESS HAVE COMMENTED ON PRESIDENT NIXON'S WARNING TO ARAB OIL PRODUCING NATIONS. CONGRESSMAN CESAR RONDON LOVERA (INDEPENDENT, MEMBER OF FOREIGN POLICY COMMITTEE) REPORTEDLY COMMENTED THAT PRESIDENT NIXON'S REAL INTENTION HAS BEEN TO DRAW ATTENTION AWAY FROM WATERGATE CASE. REPORTEDLY, HE ALSO SAID THAT OPEC WILL EVENTUALLY HAVE OPPORTUNITY TO GIVE PRESIDENT NIXON ANSWER HE DESERVES.

2. CONGRESSMAN ANGEL ZAMBRANO (FDP) REPORTEDLY SAID, "SUCH PRESSURE AND THREATS WILL NOT GET U.S. VERY FAR LIMITED OFFICIAL USE

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WITH ARAB COUNTRIES." HE IS SAID TO HAVE WARNED VENE-

ZUELANS TO "WATCH PRESIDENT NIXON'S ACTIONS IN VIEW OF INEVITABLE PROGRESS OUR COUNTRY WILL HAVE TO MAKE IN PETROLEUM MATTERS IN NEXT FEW YEARS, TO ACHIEVE BETTER PRICES, TO GUARANTEE MARKETS, AND TO ACHIEVE ABSOLUTE AUTONOMY IN DECISIONS CONCERNING OUR MAJOR RESOURCE." HE ADDED THAT VENEZUELANS SHOULD BE READY FOR "WHATEVER MR. NIXON MAY HAVE IN STORE FOR US."

3. SENATOR LEONARDO MONTIEL ORTEGA (URD) REPORTEDLY COMMENTED THAT NIXON ADMINISTRATION HAS SET A TRAP FOR VENEZUELA BY INCLUDING IT IN ITS PLANS TO PROVIDE CRUDE, IN THAT IF VENEZUELA DOES NOT SUPPORT LIBYA IN OPEC, A DIVISION WILL BE CREATED, SOMETHING WHICH VENEZUELA IS NOT DISPOSED TO PERMIT. HE SAID THAT POSITION OF VENEZUELA MUST BE SAME AS ALL ARAB COUNTRIES WHICH HAVE SUPPORTED LIBYA. IT SHOULD NOT PLAY NIXON GAME. MONTIEL REPORTEDLY ADDED THAT ONLY WAY TO NEGOTIATE WITH US IS TO MAKE IT PAY SAME PRICE STIPULATED BY LIBYA, \$7 PER BARREL. HE ADDED THAT TO SUGGEST THAT U.S. COULD BE SELF SUFFICIENT IN CRUDE OIL IN FIVE YEARS IS ABSURD AND IS A MERE BOAST.

4. LUIS ESTEBAN REY, A COLUMNIST CLOSELY ASSOCIATED WITH AD PARTY, WROTE IN EL UNIVERSAL SEPTEMBER 11 THAT "SERIOUS WARNING" OF PRESIDENT NIXON IS RELATED TO REFUSAL OF LARGE OIL COMPANIES TO ACCEDE TO DEMANDS OF PRESIDENT QADHAFI OF LIBYA." ESTEBAN REY OBSERVED THAT EUROPEANS HAVE MUCH MORE TO LOSE IN LIBYAN CRISIS THAN U.S. AND WOULD NOT SUPPORT U.S. IN ANY ACT OF AGGRESSION, IF IN DESPERATION U.S. DECIDED TO USE FORCE TO RESOLVE ENERGY CRISIS. HE SAID THAT DECISION WHETHER TO INCREASE VENEZUELAN OIL PRODUCTION WILL BE MADE BY VENEZUELA, NOT WASHINGTON, AND "VENEZUELA SHOULD NOT PERMIT ITS CRUDE TO BE UTILIZED IN SUPPORT OF U.S. POLICY OF PUTTING PRESSURE ON LIBYA AND IMPEDING NATIONALIZATION OR FURTHER INCREASES IN PRICES."

5. WITH ALL EYES TURNED TOWARD DRAMATIC EVENTS IN CHILE, THERE MAY BE NO FURTHER REACTION HERE TO PRESIDENT NIXON'S WARNING. HOWEVER, STATEMENT WILL BE REMEMBERED BY PETROLEUM OFFICIALS HERE AND WILL ENTER INTO THEIR FUTURE CALCULATIONS. SOME WILL LIMITED OFFICIAL USE

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REGARD IT ONLY AS AN INDICATION OF SERIOUSNESS WITH WHICH U.S. VIEWS DANGER OF HAVING OIL SUPPLIES INTERRUPTED. OTHERS WILL SEE IT AS A REASON TO SUSPECT THAT U.S. MAY HOPE TO SPLIT VENEZUELA OFF FROM ARAB OPEC PARTNERS. ONE PERHAPS UNAVOIDABLE RESULT OF ALL SUCH STATEMENTS THAT EMPHASIZE SERIOUSNESS OF ENERGY CRISIS IS TO CONVINCE MORE AND MORE VENEZUELANS THAT, AS LOCAL OIL COMPANY DIRECTOR PUTS IT, "THEY HAVE US BY THE SHORT HAIRS."

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